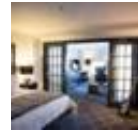


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Market Basket sides hammering out final details

Negotiators near the finish line

By **Casey Ross** | GLOBE STAFF AUGUST 27, 2014



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The scene on Tuesday at the Market Basket store at 1900 Main St. in Tewkesbury.

Family members fighting over Market Basket worked into Tuesday night to iron out final details of an agreement to sell the grocery chain to Arthur T. Demoulas for more than \$1.5 billion, according to people familiar with the talks.

After yet another long day of negotiations, the rival cousins at the center of the dispute were close to completing a deal that would put an end to a feud that has been raging for nearly a quarter-century.

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The people familiar with the talks said nearly all the major sticking points have been resolved, but lawyers for the parties were still going back and forth over several details late Tuesday.

Demoulas wants to buy company shares owned by Arthur S. Demoulas and his side of the family, who collectively own 50.5 percent of the business. Both sides must finalize a stock purchase agreement transferring all shares of the business to Arthur T.'s side of the family, as well as approve a plan to stabilize the company's tattered operations during the deal's closing period.

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Early Wednesday, those familiar with the negotiations said there would be no deal completed until at least later in the day. If an agreement is not reached soon, the financial consequences could be severe for employees and other businesses that rely on Market Basket for their livelihoods.

For example, a contingency plan prepared for the board of directors in the event no deal is reached would close 61 of Market Basket's 71 stores in New England and terminate nearly all employees, according to people with knowledge of the plan. It is unclear how much longer the board would hold out before implementing those measures to stanch the company's financial losses.

As word circulated among employees that the board was still working out details, Steve Paulenka, a fired former supervisor of the company who has helped organize an employee walkout, remained cautiously optimistic that a deal would get done.

"It's not time to raise a glass yet," Paulenka said Tuesday evening. "Maybe later. If I have any say in the decision, there won't be any victory lap until the shelves are full again."

The dispute between family members has persisted through extraordinary efforts to resolve it. The governors of Massachusetts and New Hampshire met with the parties for nearly five hours on Aug. 17 to try to help them reach a deal.

Arthur T. made a final offer late last week that removed a key stumbling block by including more than \$500 million in financing from an unidentified private equity firm.

That money replaced seller financing that would have required Arthur S. and his relatives to lend money to Arthur T.'s side of the family to help complete the deal.

The rest of the money for the purchase would come from a cash payment by Arthur T. and his sisters, and a mortgage loan secured by the company's real estate holdings in Massachusetts, New Hampshire, and Maine.

The parties have continued to negotiate his offer over the last several days, although other suitors have also expressed interest in buying the company. Delhaize Group SA, the parent of Hannaford Bros. Co., has sent executives to the company's headquarters and talked to Arthur T. about managing the company if it succeeds in buying it.

Many employees walked off the job in protest after Arthur T. was fired in June by a board of directors controlled by Arthur S. An inability to restock many Market Baskets soon left stores stripped bare of all but dry goods and scattered dairy products.

Many customers stayed away from the supermarkets in solidarity with Arthur T. Others simply chose other stores because Market Basket no longer had the groceries they needed.

If a deal is finally struck, Arthur S., his three sisters, and sister-in-law Rafaela Evans will get more than \$1.5 billion for their ownership stake in Demoulas Super Markets Inc., the formal name of the business.

Arthur T. will own the company where he has worked all his life.

A sale would allow all members of the Demoulas family to settle a fight that has divided their family for more than 24 years. It started in the early 1990s when Arthur S. and his relatives filed a lawsuit accusing Arthur T.'s father, Telemachus "Mike" Demoulas, of stealing their shares in the company.

Arthur S. and his immediate relatives won that lawsuit, getting a \$500 million judgment that left them with a slight majority ownership of the company. Arthur T. and his siblings retained a 49.5 percent stake, and the two sides have continued to fight over the management of the multi-billion-dollar company in recent years.

The latest uproar over Arthur T.'s firing has cost the company dearly, draining millions of dollars from lost sales every day. It would take weeks to get Market Basket stores running normally following the completion of an agreement.

Market Basket's buyers would need weeks to reestablish relationships with vendors and restock stores with produce, meat, seafood, and fresh bakery products that have been missing from shelves for the past eight weeks.

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contributed to this report.